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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

July 13, 2007

Legislative Audit Commission
622 Stratton Office Building
Springfield, IL 62706

Dear Members:

In accordance with section 3-15 of the Illinois State Auditing Act (30 ILCS 5/3-15), I hereby submit the report on the operations of the Office of the Auditor General for the fourth quarter of Fiscal Year 2007 ending June 30, 2007.

FISCAL MATTERS

<i>FY 2007 – FOURTH QUARTER</i>				
	<i>Appropriation</i>	<i>Expended</i>	<i>Obligated</i>	<i>Balance</i>
Personal Services	\$ 4,536,992	\$ 4,536,991	\$ 0	\$ 1
State Retirement	523,550	523,549	0	1
Social Security	340,300	338,684	0	1,616
Contractual Services	680,258	657,090	4,603	18,565
Travel	73,000	66,735	0	6,265
Commodities	11,640	6,276	0	5,364
Printing	25,000	22,911	0	2,089
Equipment	124,360	63,747	33,794	26,819
EDP	116,000	71,811	4,933	39,256
Telecommunications	56,000	48,397	0	7,603
Operation of Auto. Equip.	3,000	1,988	0	1,012
Audits/Studies/Invest.*	<u>18,109,995</u>	<u>12,104,964</u>	<u>4,461,023</u>	<u>1,544,008</u>
TOTAL	<u>\$24,600,095</u>	<u>\$18,443,143</u>	<u>\$4,504,353</u>	<u>\$1,652,599</u>
*Audit Expense Fund				

PERSONNEL

<i>PERSONNEL</i>					
	<u>04-01-07</u>	<u>Appointments</u>	<u>Separations</u>	<u>Transfers</u>	<u>06-30-07</u>
Springfield	70	8	1	0	77
Chicago	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>
TOTAL	<u>80</u>	<u>8</u>	<u>1</u>	<u>0</u>	<u>87</u>

CONTRACTS

During the fourth quarter of Fiscal Year 2007 the Office of the Auditor General entered into eighty nine financial/compliance audit contracts, three information systems audit contracts and six administrative contracts.

TRAINING

During the fourth quarter of Fiscal Year 2007, OAG-sponsored training included:

- 2007 Yellow Book: What You Need to Know
- Ethics
- Illinois OAG Audit Policies and Procedures
- Sexual Harassment Prevention
- Performance Audit Issues- Report Drafting Phase
- 2007 Audit Guide Update
- 2007 Governmental Accounting and Auditing Update
- IT Security and Confidentiality
- Compliance Audit Issues Update: June 07

Additional external-sponsored training in which OAG staff participated included:

- NSAA/NASC Joint Middle Management Conference
- IT Audit Bootcamp
- Control and Security of LINUX
- National Intergovernmental Audit Forum
- Ethical Challenges in Today's Government Environment
- CobiT for the Non-IT Auditor
- Accounting and Financial Reporting for Derivatives

PERFORMANCE AUDITS

<i>PERFORMANCE AUDITS IN PROGRESS</i>
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<i>AUDITS</i>	<i>ESTIMATED RELEASE DATE</i>
<ul style="list-style-type: none">• Performance Audit of State Moneys Provided By or Through State Agencies to the Illinois Hispanic Chamber of Commerce, Inc., and/or the Mexican American Chamber of Commerce of Illinois, Inc. (<i>Senate Resolution No. 631</i>)	Summer 2007
<ul style="list-style-type: none">• Program Audit of Funding Provided By or Through the State of Illinois to CeaseFire Illinois (<i>Senate Resolution No. 686</i>)	Summer 2007
<ul style="list-style-type: none">• Audit of Pilsen-Little Village Community Mental Health Center, Inc. (<i>House Resolution No. 1146</i>)	Summer 2007
<ul style="list-style-type: none">• Village of Robbins' Use of Municipal Economic Development Funds (<i>P.A. 90-813</i>)	Summer 2007
<ul style="list-style-type: none">• Study of Duplicate Programs (<i>LAC No. 130</i>)	Fall 2007
<ul style="list-style-type: none">• Medicaid and Group Health Insurance Programs' Compliance with the Prompt Payment Act and Department of Healthcare and Family Services' Processing of Vendor Bills (<i>LAC Nos. 136 and 137</i>)	Winter 2007
<ul style="list-style-type: none">• Management and Program Audit of the Illinois State Police's Division of Forensic Services (<i>House Resolution No. 451</i>)	Spring 2008

REGIONAL OFFICES OF EDUCATION AUDITS

Public Act 92-544, effective June 12, 2002, gave the Office of the Auditor General the responsibility for the conduct of annual audits of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State. Previously, these audits were the responsibility of the Illinois State Board of Education. There are 48 total audits to perform; 45 are of Regional Offices of Education and 3 are of Intermediate Service Centers. As of June 30, 2007, 35 fiscal year 2006 audits had been released.

FINANCIAL AUDITS, SINGLE AUDITS AND COMPLIANCE ATTESTATION EXAMINATIONS

The following is a listing of financial audits, single audits and compliance attestation examinations for the period(s) ending June 30, 2006, September 30, 2006, December 31, 2006, and April 30, 2007. This list also includes four compliance examinations pertaining to the CTA, RTA, Metra, and Pace for the year ended December 31, 2005. As the year progresses the “date released” column will be completed.

FINANCIAL AUDITS, SINGLE AUDITS AND COMPLIANCE ATTESTATION EXAMINATIONS FOR THE PERIOD(S) ENDING JUNE 30, 2006, SEPTEMBER 30, 2006, DECEMBER 31, 2006, AND APRIL 30, 2007
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F = Financial Audits

S = Single Audits

C = Compliance Attestation Examinations

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Attorney General			x	03-06-07
Capital Development Board	x		x	04-19-07
Chicago State University	x			03-20-07
Chicago State University			x	05-24-07
Chicago State University Foundation	x			02-21-07
Chicago Technology Park	x	x	x	03-22-07
Comptroller – Fiscal Officer	x		x	03-06-07
Comptroller – Non-Fiscal Officer			x	03-06-07
CTA (12/31/05)			x	03-15-07
Department on Aging			x	05-10-07
Department of Central Management Services	x		x	05-24-07
Department of Central Management Services (Deferred Compensation Plan) (12/31/06)				
Department of Children and Family Services	x		x	04-12-07
Department of Commerce and Economic Opportunity			x	04-24-07
Department of Corrections – General Office (includes Dept. of Juvenile Justice for the month ending 6-30-06)	x		x	06-20-07
Dept. of Corrections, Correctional Center – <i>Big Muddy River</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Centralia</i>			x	06-20-07

**FINANCIAL AUDITS, SINGLE AUDITS AND
COMPLIANCE ATTESTATION EXAMINATIONS**

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Dept. of Corrections, Correctional Center – <i>Danville</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Decatur Womens</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Dixon</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Dwight</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>East Moline</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Graham</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Hill</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>IL River (Canton)</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Jacksonville</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Lawrence</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Lincoln</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Logan</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Menard</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Pinckneyville</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Pontiac</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Robinson</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Shawnee</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Sheridan</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Southwestern IL</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Stateville</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Tamms</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Taylorville</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Vandalia</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Vienna</i>			x	06-20-07
Dept. of Corrections, Correctional Center – <i>Western Illinois</i>			x	06-20-07
Department of Corrections, Correctional Industries	x		x	06-20-07
Dept. of Corrections, IL Youth Center – <i>Chicago</i>			x	06-20-07
Dept. of Corrections, IL Youth Center – <i>Harrisburg</i>			x	06-20-07

**FINANCIAL AUDITS, SINGLE AUDITS AND
COMPLIANCE ATTESTATION EXAMINATIONS**

AGENCY	F	S	C	DATE RELEASED
Dept. of Corrections, IL Youth Center – <i>Joliet</i>			x	06-20-07
Dept. of Corrections, IL Youth Center – <i>Kewanee</i>			x	06-20-07
Dept. of Corrections, IL Youth Center – <i>Murphysboro</i>			x	06-20-07
Dept. of Corrections, IL Youth Center – <i>Pere Marquette</i>			x	06-20-07
Dept. of Corrections, IL Youth Center – <i>St. Charles</i>			x	06-20-07
Dept. of Corrections, IL Youth Center – <i>Warrenville</i>			x	06-20-07
Department of Employment Security	x			04-03-07
Department of Financial and Professional Regulation	x		x	05-24-07
Department of Healthcare and Family Services	x		x	04-12-07
Department of Human Services	x			03-20-07
Department of Military Affairs			x	05-08-07
Department of Natural Resources	x		x	04-10-07
Department of Revenue	x		x	03-29-07
Department of Revenue – Gaming Board			x	03-29-07
Department of State Police			x	04-03-07
Department of Transportation	x		x	03-20-07
Department of Veterans' Affairs – General Office			x	04-19-07
Drycleaner Environmental Response Trust Fund Council			x	04-24-07
DuPage Water Commission (4/30/07)				
East St. Louis Financial Advisory Authority	x		x	03-22-07
Eastern Illinois University	x			01-24-07
Eastern Illinois University		x	x	03-20-07
Eastern Illinois University Alumni Association	x			11/29/06
Eastern Illinois University Foundation	x			11/29/06
Environmental Protection Agency	x		x	04-26-07
Environmental Protection Trust Fund Commission			x	04-26-07
Executive Ethics Commission			x	01-31-07
General Assembly – Retirement System	x			03-27-07

**FINANCIAL AUDITS, SINGLE AUDITS AND
COMPLIANCE ATTESTATION EXAMINATIONS**

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
General Assembly – Retirement System			x	04-17-07
Governors State University	x			01-24-07
Governors State University		x	x	03-20-07
Governors State University Alumni Association	x			01-18-07
Governors State University Foundation	x			01-18-07
Historic Preservation Agency			x	05-08-07
Illinois Community College Board			x	04-03-07
Illinois Conservation Foundation	x	x	x	03-22-07
Illinois Finance Authority	x			03-22-07
Illinois Finance Authority			x	05-08-07
Illinois Housing Development Authority	x			11-16-06
Illinois Housing Development Authority	x		x	05-08-07
Illinois Mathematics and Science Academy	x		x	06-05-07
Illinois Mathematics and Science Academy Fund	x			04-10-07
Illinois Medical District Commission	x		x	04-26-07
Illinois Petroleum Resources Board			x	04-03-07
Illinois State Board of Investment	x			03-27-07
Illinois State Board of Investment			x	05-24-07
Illinois State Toll Highway Authority – 12/31/06				
Illinois State University	x			03-20-07
Illinois State University		x	x	03-29-07
Illinois State University Foundation	x			01-24-07
Illinois State University Foundation			x	03-29-07
Illinois Student Assistance Commission	x		x	03-20-07
Illinois Student Assistance Commission			x	04-05-07
Illinois Student Assistance Commission Designated Account Purchase Program	x			03-20-07
Illinois Student Assistance Commission – Prepaid Tuition	x			02-21-07

**FINANCIAL AUDITS, SINGLE AUDITS AND
COMPLIANCE ATTESTATION EXAMINATIONS**

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Illinois Veterans' Home – Anna			x	04-19-07
Illinois Veterans' Home – LaSalle			x	04-19-07
Illinois Veterans' Home – Manteno			x	04-19-07
Illinois Veterans' Home – Quincy			x	04-19-07
Illinois Violence Prevention Authority			x	02-21-07
Illinois Workers' Comp. Comm. – Self Insurer's Fund	x			03-22-07
Joint Committee on Administrative Rules			x	02-15-07
Judges Retirement System	x			03-27-07
Judges Retirement System			x	04-17-07
Judicial Inquiry Board			x	04-24-07
Kankakee River Valley Area Airport Authority	x		x	04-10-07
Law Enforcement Training Standards Board			x	02-15-07
Legislative Ethics Commission			x	02-15-07
Legislative Information Systems			x	01-31-07
Legislative Inspector General			x	02-15-07
Metra (12/31/05)			x	03-15-07
Northeastern Illinois University	x			01-24-07
Northeastern Illinois University			x	02-15-07
Northeastern Illinois University Foundation	x			11-29-06
Northern Illinois University	x			01-31-07
Northern Illinois University		x	x	03-08-07
Northern Illinois University Alumni Association	x			11-29-06
Northern Illinois University Alumni Association			x	03-08-07
Northern Illinois University Foundation	x			11-29-06
Northern Illinois University Foundation			x	03-08-07
Pace (12/31/05)			x	03-15-07
Pollution Control Board			x	02-21-07
Prisoner Review Board			x	04-05-07

**FINANCIAL AUDITS, SINGLE AUDITS AND
COMPLIANCE ATTESTATION EXAMINATIONS**

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Procurement Policy Board			x	02-15-07
Property Tax Appeal Board			x	01-31-07
RTA (12/31/05)			x	03-15-07
Secretary of State	x			03-06-07
Sex Offender Management Board			x	04-19-07
Southern IL University	x	x	x	03-22-07
Southern IL University – Carbondale Alumni Association	x			02-08-07
Southern IL University – Carbondale Foundation	x			02-08-07
Southern IL University – Carbondale Evergreen Terrace	x			03-22-07
Southern IL University – Edwardsville Alumni Association	x			02-08-07
Southern IL University – Edwardsville Foundation	x			02-08-07
Southern IL University – Physicians & Surgeons, Inc.	x			02-08-07
Southern IL University – Research Park	x			02-08-07
Southern IL University – University Park	x			02-08-07
Southwestern Illinois Development Authority			x	04-19-07
State Appellate Defender			x	03-20-07
State Board of Education	x		x	04-05-07
State Employees’ Retirement System	x			03-27-07
State Employees’ Retirement System			x	04-17-07
State Fire Marshal			x	06-05-07
State Police Merit Board			x	01-31-07
State Universities Retirement System	x			03-27-07
State Universities Retirement System			x	04-17-07
State’s Attorney’s Appellate Prosecutor			x	01-31-07
Statewide Single Audit – (Federal Funds)				
Teachers’ Retirement System	x			03-27-07
Teachers’ Retirement System			x	04-17-07
Treasurer – Bright Start College Savings Program	x			12-12-06

***FINANCIAL AUDITS, SINGLE AUDITS AND
COMPLIANCE ATTESTATION EXAMINATIONS***

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Treasurer – Fiscal Officer	x		x	03-06-07
Treasurer – Illinois Funds	x			12-12-06
Treasurer – Change Over Audit	x		x	05-24-07
University of Illinois	x			01-24-07
University of Illinois		x	x	03-08-07
University of Illinois Alumni Association	x			11-16-06
University of Illinois Alumni Association			x	03-08-07
University of Illinois Foundation	x			12-12-06
University of Illinois Foundation			x	03-08-07
University of Illinois – Prairieland Energy, Inc.	x			01-18-07
University of Illinois – Prairieland Energy, Inc.			x	03-08-07
University of Illinois – Research Park, LLC	x			02-08-07
University of Illinois – Research Park, LLC			x	03-08-07
University of Illinois – Ventures, LLC	x			01-24-07
University of Illinois – Ventures, LLC			x	03-08-07
University of Illinois – Wolcott, Wood & Taylor, Inc.	x			11-16-06
University of Illinois – Wolcott, Wood & Taylor, Inc.			x	03-08-07
Western Illinois University	x		x	05-08-07
Western Illinois University Foundation	x			03-29-06

INFORMATION SYSTEMS AUDITS

These audits are components of each agency's regularly scheduled financial audits, single audits and compliance attestation examinations for the period ending June 30, 2006.

<i>INFORMATION SYSTEMS AUDITS AUDITS INITIATED AND/OR COMPLETED IN FISCAL YEAR 2007</i>	
•	Department of Central Management Services – BCCS 3 rd Party Review
•	Department of Children and Family Services
•	Department of Commerce and Economic Opportunity
•	Department of Healthcare and Family Services
•	Department of Human Services
•	Department of Military Affairs
•	Department of Natural Resources
•	Department of Revenue
•	Department of State Police
•	Department of Transportation
•	Department of Veterans' Affairs
•	Environmental Protection Agency
•	Governors State University
•	Illinois State University
•	Northern Illinois University
•	Office of the Comptroller
•	Office of the Treasurer
•	Southern Illinois University
•	State Fire Marshal
•	Teachers' Retirement System
•	University of Illinois
•	Western Illinois University

EMERGENCY PURCHASES

The Illinois Procurement Code requires agencies expending funds in an emergency to file an affidavit with the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor, and the circumstances requiring the emergency purchase. The Auditor General, in turn, is required to file a quarterly report with the Commission and the Governor setting forth a complete listing of all emergency purchases reported during that quarter. The latest report is for the fourth quarter of Fiscal Year 2007 and it contains sixty three filings with this Office.

CONTRACTUAL SERVICES CERTIFICATIONS

Pursuant to the requirements of the State Finance Act at 30 ILCS 105/15a, State agencies must file a certification with the Auditor General prior to the execution of any contract with a former employee who took an early retirement incentive based on retirement before 1993. The certification must state that the former employee either possesses unique expertise or is essential to the operation of the agency.

During the fourth quarter of Fiscal Year 2007, the Auditor General received no new contractual services certifications.

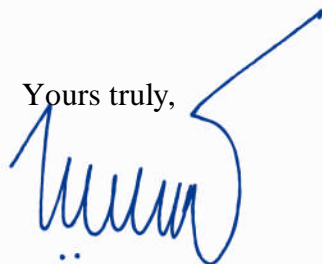
Copies of certifications received in previous quarters are on file in our Office.

WILLIAM R. SNODGRASS DISTINGUISHED LEADERSHIP AWARD

I'm pleased to inform the Commission that I was awarded the William R. Snodgrass Distinguished Leadership Award at the National State Auditors Association's annual conference held in June. This award is given annually to formally recognize individuals who have demonstrated sustained outstanding leadership and made notable contributions to the field of state government auditing.

Past recipients include the current Chair of the Governmental Accounting Standards Board, as well as a former GASB chairman.

Yours truly,



WILLIAM G. HOLLAND
Auditor General